

Program Proposed Budget								
<i>Budget Item</i>	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Exec. Budget Fiscal 02-03
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00	7.00
Personal Services	275,647	46,719	0	322,366	49,775	0	325,422	647,788
Operating Expenses	204,511	12,735	37,000	254,246	(14,250)	37,000	227,261	481,507
Equipment	0	16,500	0	16,500	0	0	0	16,500
Grants	333,098	63,805	0	396,903	69,883	0	402,981	799,884
Total Costs	\$813,256	\$139,759	\$37,000	\$990,015	\$105,408	\$37,000	\$955,664	\$1,945,679
General Fund	280,604	54,082	37,000	371,686	23,144	37,000	340,748	712,434
State/Other Special	132,440	8,389	0	140,829	4,976	0	137,416	278,245
Federal Special	400,212	77,288	0	477,500	77,288	0	477,500	955,000
Total Funds	\$813,256	\$139,759	\$37,000	\$990,015	\$105,408	\$37,000	\$955,664	\$1,945,679

Agency Description

The Montana Arts Council, authorized by 22-2-101, MCA assists public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts; fosters interest in the state's cultural heritage; expands the state's cultural resources; and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic projects grants and grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

Biennium Budget Comparison								
<i>Budget Item</i>	Present Law Fiscal 2002	New Proposals Fiscal 2002	Total Exec. Budget Fiscal 2002	Present Law Fiscal 2003	New Proposals Fiscal 2003	Total Exec. Budget Fiscal 2003	Total Biennium Fiscal 00-01	Total Exec. Budget Fiscal 02-03
FTE	7.00	0.00	7.00	7.00	0.00	7.00	0.00	7.00
Personal Services	322,366	0	322,366	325,422	0	325,422	572,925	647,788
Operating Expenses	217,246	37,000	254,246	190,261	37,000	227,261	374,821	481,507
Equipment	16,500	0	16,500	0	0	0	0	16,500
Grants	396,903	0	396,903	402,981	0	402,981	716,392	799,884
Total Costs	\$953,015	\$37,000	\$990,015	\$918,664	\$37,000	\$955,664	\$1,664,138	\$1,945,679
General Fund	334,686	37,000	371,686	303,748	37,000	340,748	559,153	712,434
State/Other Special	140,829	0	140,829	137,416	0	137,416	261,839	278,245
Federal Special	477,500	0	477,500	477,500	0	477,500	843,146	955,000
Total Funds	\$953,015	\$37,000	\$990,015	\$918,664	\$37,000	\$955,664	\$1,664,138	\$1,945,679

Agency Discussion

Approval of the Montana Arts Council budget as submitted would result in an overall 15 percent increase in their biennial budget (from \$1,642,701 in 2001 to \$1,945,679 in 2003). Major changes include an anticipated increase to federal grants, purchase of computer equipment, and a new proposal to provide business technical assistance.

Funding

The Montana Arts Council is funded with a combination of general fund, state special revenue from Cultural and Aesthetic (C&A) Trust Fund interest earnings, and federal funds from the National Endowment for the Arts. The funding percentages for the different fund sources have remained relatively stable. The Cultural and Aesthetic Trust fund has sustained some drop in end balance in order to sustain current and anticipated expenditure levels.

Present Law Adjustments									
-----Fiscal 2002-----					-----Fiscal 2003-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				46,719					49,775
Vacancy Savings				0					0
Inflation/Deflation				(111)					421
Fixed Costs				4,267					(15,301)
Total Statewide Present Law Adjustments				\$50,875					\$34,895
DP 1 - COMPUTER EQUIPMENT									
0.00	25,500	0	0	25,500	0.00	0	0	0	0
DP 4 - ADDITIONAL FEDERAL FUNDS									
0.00	0	0	64,435	64,435	0.00	0	0	70,513	70,513
DP 5 - Reduction of state funding									
0.00	0	(1,051)	0	(1,051)	0.00	0	0	0	0
Total Other Present Law Adjustments									
0.00	\$25,500	(\$1,051)	\$64,435	\$88,884	0.00	\$0	\$0	\$70,513	\$70,513
Grand Total All Present Law Adjustments				\$139,759					\$105,408

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget included in the executive present law. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. A description of each item is included in the "Agency Budget Analysis Roadmap" section that begins this volume. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Computer Equipment - This present law adjustment requests funding to purchase four computer work stations, one optical character recognition scanner, one network printer, and one network server. The council has only two up-to-date computer workstations and the current server is out-of-date as of fiscal 2002. The remaining five computers are currently four to six years old.

LFD ISSUE	This funding request would replace almost half of the computers in the Arts Council. This request is funded and time-sequenced within current Information Services Division guidelines and is replacing existing computers. The server is the major expense. The legislature may wish to consider this as a one-time-only appropriation to avoid movement of the server cost into the budget base.
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DP 4 – Additional Federal Funds - This proposal requests authority to spend federal funds in actual federal amounts awarded for fiscal 2001. These funds will require a budget amendment in fiscal 2001. In the fiscal 2000 base year, there was a budget amendment for \$20,029 not continued as part of the base.

DP 5 - Reduction of State Funding - This reduction of \$1,051 in the 2003 biennium is due to less revenue anticipated in state funding for administrative costs of grants.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
<i>Prgm</i>	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3 - BUSINESS TECHNICAL ASSISTANCE										
01	0.00	37,000	0	0	37,000	0.00	37,000	0	0	37,000
Total	0.00	\$37,000	\$0	\$0	\$37,000	0.00	\$37,000	\$0	\$0	\$37,000

New Proposals

DP 3 – Business Technical Assistance - The goal of this new proposal, if funded, is to strengthen business, marketing, and professional development skills in the Montana arts community. This new proposal includes:

- ?? Technical assistance in business and arts-related fields through a one-on-one consulting program. The technical assistance program would provide training in marketing and salesmanship designed to strengthen the artist's or organizations' marketing management and business skills.
- ?? Launching this service on the web. This information would be made available on the Arts Council's web site.
- ?? Developing annual training institutes for boards of directors. This training would provide assistance to boards of directors in dealing with the issues facing volunteer services and organizations including roles definition, fundraising realities, legal responsibilities, and federal regulatory requirements.
- ?? Restoring one bi-monthly issue and producing a web version of the agency newsletter. The "State of the Arts" newsletter would be restored to bi-monthly, adding a sixth issue. It would also be added to the agency website.

This funding will assist with development of the economic potential in the Montana arts industry.

LFD COMMENT	<p>The technical assistance program is designed to provide improved marketing of "Made in Montana" arts items in order to expand opportunities for economic growth. Heavier investment in electronic media sources could open new markets and allow direct marketing of arts related information and services. The legislature may wish to request that the Arts Council research potential methods of generating revenue through these developments. This could include: 1) The sale of advertising space in the bi-monthly newsletters; 2) The sale of Arts related prints and publications through the newsletter and on the website; 3) The sale of arts works from regional artists on a commission basis; 4) The sale of reproduction items specific to Montana art and history.</p>
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Language

The following HB 2 language is recommended by the executive: "All federal funds in item 1 are biennial appropriations."